

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MUSCAT PRIORITY

C O N F I D E N T I A L STATE 095674

E.O. 11652: GDS

TAGS: BGEN, PFOR, MU

SUBJECT: INTERCONTINENTAL HOTEL PROJECT

REFS: (A) MUSCAT 400, (B) STATE 85458, (C) WOLLE-MOLINEAUX
LETTER 10 APRIL

1. DEPARTMENT TRANSMITTING VIA SEPTTEL MESSAGE FROM IHC
NEW YORK FOR MINISTER OF COMMUNICATIONS RAJAB.

2. IHC SENT FOLLOWING TELEX TO RAJAB 13 APRIL: "EXCELLENCY
IN RESPONSE TO YOUR TELEGRAM DATED APRIL 10, 1976. IHC IS
DESIROUS OF DISCUSSING THE FOLLOWING: 1.) EXPULSION OF
IHC REPRESENTATIVE 2.) SCOPE OF FUTURE TSA WORK 3.) EQUI-
TABLE ADJUSTMENT OF TSAC UNDER SECTION 2-B OF TSA AGREEMENT.
IN REGARD TO POINT 3 WE WOULD APPRECIATE RECEIVING YOUR
THOUGHTS SINCE WE TOO BELIEVE SOME EQUITABLE ADJUSTMENT
REQUIRED IN VIEW OF PROTRACTED DURATION OF CONTRACT.
WHILE MR. BURGUND IS EMPOWERED TO DISCUSS ALL SUCH MATTERS,
BECAUSE OF GRAVITY THEREOF FINAL DECISION ON IHC SIDE WILL
BE MADE BY ME. IT WOULD BE MOST HELPFUL TO RECEIVE IN
ADVANCE DIRECTLY YOUR THINKING IN REGARD TO ALL THE
AFORESAID MATTERS. I AWAIT YOUR FORTHRIGHT REPLY SO THAT
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WE MAY AMICABLY AND EXPEDITIOUSLY RESOLVE THIS.RESPECTFULLY,

PAUL C. SHEELINE, CHAIRMAN, INTERCONTINENTAL HOTEL CORP."

3. IHC RECEIVED FOLLOWING TELEX FROM RAJAB 17 APRIL:

"A REPRESENTATIVE FROM IHC WHO HAS FULL AUTHORITY TO TAKE DECISION WITHOUT FURTHER REFERENCE TO NEW YORK IS TO ATTEND A VERY IMPORTANT AND URGENT MEETING IN MUSCAT ON MONDAY, 26 APRIL 1976, AT 10 A.M. IN THE GOVERNMENT BUILDING MEETING ROOM. SUBJECT OF THE MEETING IS INTERCONTINENTAL HOTEL PROJECT IN OMAN. CONFIRM THAT A REPRESENTATIVE FROM IHC WITH FULL AUTHORITY IS ATTENDING AT THE FIXED TIME AND DATE. REGARDS, MINISTER OF COMMUNICATIONS."

4. IHC VICE PRESIDENT BURGUND INDICATED TO DEPT.(NEA/ARP) APRIL 19 THAT IT NOT CLEAR WHETHER RAJAB 17 APR MSG IS OR IS NOT RESPONSE TO IHC 13 APRIL TELEX. IN ANY CASE, IHC DISTURBED BY PEREMPTORY TONE OF RAJAB TELEX. IHC NOTES THAT REASONS FOR NEVILLE'S EXPULSION HAVE NOT BEEN MADE CLEAR; SAYS IT NOT POSSIBLE THAT IHC REPRESENTATIVE TO VISIT MUSCAT COULD MAKE NEW AGREEMENTS WITHOUT CONSULTING IHC NEW YORK.

5. REF (C) REFLECTED INTEREST IN PROJECT ON PART OF FOREIGN MINISTER ZAWAWI.

6. DEPT DEFERS TO EMBASSY'S JUDGMENT, BUT SUGGESTS THAT APPROACH BY AMBASSADOR TO FOREIGN MINISTER ZAWAWI MIGHT BE DESIRABLE AND APPROPRIATE, A.) TO SMOOTH OBVIOUSLY TROUBLED WATERS BETWEEN IHC AND MINISTER OF COMMUNICATIONS; B.) TO BYPASS RAJAB, IF RAJAB IS SOURCE OF PROBLEM; AND C.) TO MAKE OMANI GOVERNMENT AWARE THAT IT CANNOT ACT IN HIGHHANDED ARBITRARY FASHION WITH REPUTABLE AMERICAN BUSINESS INTERESTS WITHOUT JEOPARDIZING RELATIONS WITH AMERICAN BUSINESS COMMUNITY IN GENERAL AND EVEN WITH USG. ROBINSON

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